

Exhibits

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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GALLEON S.A.,	:
BACARDI-MARTINI U.S.A., INC. and	:
BACARDI & COMPANY LIMITED,	:
	:
<i>Petitioners,</i>	:
	:
- against -	:
	:
HAVANA CLUB HOLDINGS, S.A. and	:
HAVANA RUM & LIQUORS, S.A.	:
d.b.a. H.R.L., S.A.,	:
	:
<i>Respondents</i>	:
	:
-----X	

Cancellation No. 24,108

**MOTION PURSUANT TO THE GOVERNMENT IN THE SUNSHINE ACT FOR  
(A) AN ORDER REQUIRING PETITIONERS TO SHOW CAUSE WHY THEIR  
CLAIMS SHOULD NOT BE DISMISSED DUE TO IMPROPER EX PARTE  
CONTACTS CONCERNING AN ADJUDICATORY PROCEEDING,  
(B) FULL DISCLOSURE BY PETITIONERS, GOVERNOR BUSH, USPTO DIRECTOR  
JAMES E. ROGAN AND DEPUTY DIRECTOR JON DUDAS OF THE EXTENT AND  
NATURE OF ALL SUCH EX PARTE COMMUNICATIONS RELATED TO THIS  
PROCEEDING, AND (C) SUSPENSION OF THIS PROCEEDING PENDING  
RESOLUTION OF THE FOREGOING**

Respondents have obtained records of improper *ex parte* communications that petitioners (hereafter "Bacardi"), through Florida Governor Jeb Bush, have made to senior members of the Patent and Trademark Office and the Trademark Trial and Appeal Board. Only days after Bacardi delivered a \$50,000 contribution to the Florida Republican Party earlier this summer, Governor Bush sent a letter to James E. Rogan, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, expressly written "on behalf of" Petitioner Bacardi-Martini U.S.A., Inc., asking Director Rogan to have the Board rule

in Bacardi's favor. Governor Bush complained of "lengthy bureaucratic procedures," declared that "[a] swift resolution to this matter is imperative," called on Director Rogan to "take quick, decisive action on a pending application to expunge the registration of the trademark Havana Club," and called for the immediate cancellation of the HAVANA CLUB registration.

Respondents also have obtained a copy of a further letter written by Governor Bush to Director Rogan "regarding the Bacardi case," dated July 16, 2002, in which Governor Bush thanked Director Rogan for his "attention to this matter" and expressed his appreciation for the "continued assistance of Mr. Jon Dudas," Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the U.S. Patent and Trademark Office, on Bacardi's behalf. Curiously, the Patent and Trademark Office did not disclose this letter pursuant to the Freedom of Information Act request submitted by respondents' counsel.

Bacardi's *ex parte* communications concerning the pending cancellation proceeding through Governor Bush (and/or others presently unknown) with Director Rogan and Deputy Director Dudas violate the Government in the Sunshine Act, 5 U.S.C. §552(d)(1), the rules governing this proceeding, 37 CFR 10.93(b), and prevailing norms of justice, due process, and fair play. The violations here, comprising at least the making of the communications and the failure of Director Rogan and Deputy Director Dudas to have disclosed them fully, as they were required to do by law, appear particularly egregious given the content of the communications (calling for a disposition in Bacardi's favor), the identity of the parties to those communications (Governor Bush's brother is the President of the United States, who appointed Director Rogan, a former Republican Congressman, to his current position), the extremely close temporal connection between Bacardi's \$50,000 contribution and Governor Bush's extraordinary letter, and the absence of any legitimate purpose for Governor Bush's undertaking on behalf of Bacardi.

The *ex parte* communications in hand, and the others whose existence they refer to, raise substantial and grave concern concerning the fairness and impartiality of this proceeding, and the possibility of obtaining a fair hearing. The Government in the Sunshine Act requires an inquiry into the extent and nature of contacts made, and determination of what remedies, up to and including dismissal, are appropriate in their light. Respondents move, pursuant to 5 U.S.C. §557(d), 37 CFR 10.93(b), and the rules governing this proceeding, for an order (a) directing Bacardi to show cause why its cancellation proceeding should not be dismissed, and (b) directing full disclosure by Bacardi, Governor Bush, Director Rogan, and Deputy Director Dudas, of all *ex parte* communications between Bacardi and its agents and the PTO in this proceeding, and all communications and actions related thereto. In addition, because this motion calls into question the validity and legitimacy of this proceeding, including by raising material concerns as to the impartiality of the relevant decision makers, it must be addressed prior to any and all other matters in this proceeding, and on that basis respondents move for an order suspending the proceeding in all respects pending resolution of the foregoing.

In support of this motion, respondents allege as follows:

**Relevant Facts**

1. Between June 2, 1998 and May 29, 2002, Petitioner Bacardi-Martini U.S.A., Inc. contributed at least \$210,000 to the Republican Party of Florida. *See* accompanying declaration of Respondents' counsel Gregg Reed ("Reed Decl."), at ¶2 and Exh. A. Included within that total is a \$50,000 contribution made by Bacardi-Martini U.S.A., Inc. to the Florida Republican Party on May 29, 2002. *Id.* Additionally, four senior managers of Bacardi-Martini U.S.A. and their wives have each given the maximum legal contribution to the 2002 Bush campaign, with the two most senior managers and their wives contributing a total of \$2,000 at the same

December 2001 fundraiser. Two other senior managers and their wives attended subsequent fundraising events in February and March 2002 where each again made the largest contribution allowed by law.

2. On June 13, 2002 — just 10 business days following Petitioner Bacardi's \$50,000 contribution to the Florida Republican Party — Florida Governor Bush wrote a letter to Director Rogan asking Mr. Rogan to see to it that Petitioners prevail in this proceeding. *See* Reed Decl. Exh. C (including copy of Governor Bush's June 13, 2002 letter).<sup>1</sup> Extraordinarily, Governor Bush advised that he was writing "on behalf of Florida-based Bacardi-Martini USA, Inc.":

*I am writing on behalf of Florida-based Bacardi-Martini, USA, Inc. to ask that the Patent and Trademark Office take quick, decisive action on a pending application to expunge the registration of the trademark Havana Club. The out-dated registration belongs to a company owned by Fidel Castro called CubaExport and should be cancelled [sic] immediately.*

*Id.* (emphases added).

3. Governor Bush's June 13 letter was not copied to respondents or their agents or attorneys. The failure contemporaneously to provide the June 13 letter, written "on behalf of" Bacardi, to respondents, was a violation of 5 U.S.C. §557(d)(1)(A), which provides that "no interested person outside the agency shall make or knowingly cause to be made to any member of the body comprising the agency, administrative law judge, or other employee who is or may reasonably be expected to be involved in the decisional process of the proceeding, an *ex parte*

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<sup>1</sup> Respondents' counsel obtained the June 13, 2002 letter by virtue of a request filed with the U.S. Patent and Trademark Office under the Freedom of Information Act ("FOIA"), 5 U.S.C. §552. *See* Reed Decl. ¶¶3-4 and Exh. B (copy of FOIA Request).

communication relevant to the merits of the proceeding."<sup>2</sup> Pursuant to 15 U.S.C. §1067(b), Director Rogan is a member of the Trademark Trial and Appeal Board.

4. Director Rogan did not disclose the June 13 letter to respondents. His failure to do so appears to violate 5 U.S.C. §557(d)(1)(C), which provides in relevant part that

a member of the body comprising the agency, administrative law judge, or other employee who is or may reasonably be expected to be involved in the decisional process of such proceeding who receives, or who makes or causes to be made, a communication prohibited by this subsection, shall place on the public record of the proceeding (i) all such written communications, (ii) memoranda stating the substance of all such oral communications, and (iii) all written responses, and memoranda stating the substance of all oral responses, to the materials described in clauses (i) and (ii) of this subparagraph . . . .

5. Respondents filed requests pursuant to the federal Freedom of Information Act and the Florida Public Records Act, seeking any communications relevant to this matter. *See* Reed Decl. ¶¶ 3, 6 and Exhs. B, E. The July 13 letter was disclosed to both requests.

6. At least the federal FOIA response of the USPTO, however, was materially deficient. Pursuant to the Florida request, respondent subsequently learned that on July 16, 2002, Governor Jeb Bush had written another letter to Director Rogan concerning this proceeding. *See* Reed Decl. Exh. F (including copy of Governor Bush's July 16, 2002 letter).<sup>3</sup>

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<sup>2</sup> The Government in the Sunshine Act's prohibition against *ex parte* communications is embodied in the rules governing all proceedings before the Board. *See* Trademark Trial and Appeal Board Manual of Procedure §105, 37 C.F.R. 10.93(b) ("In an adversary proceeding, including any inter partes proceeding before the Office, a practitioner shall not communicate or cause another to communicate, as to the merits of the cause with a judge, official, or Office employee before whom the proceeding is pending, except: (1) In the course of official proceedings in the cause [and] (2) In writing if the practitioner promptly delivers a copy of the writing to opposing counsel . . . .").

<sup>3</sup> Respondents' counsel obtained the July 16, 2002 letter by virtue of a request filed  
(continued...)

7. In his July 16 letter, Governor Bush thanked Director Rogan for “your attention to this matter,” and also expressed his appreciation for the “continued assistance of Mr. Jon Dudas,” which he characterized as “very helpful.” Mr. Dudas is the Deputy Director of the PTO.

8. Neither the federal nor the Florida responses to information requests disclosed the extent and nature of the “continuing assistance” provided, and neither set of responses disclosed any correspondence or record of other communications concerning the “continuing assistance” that Deputy Director Dudas has been providing to Bacardi and/or its agent, Governor Bush.

**Bacardi Should Be Directed to Show Cause Why Its Claims Should Not Be Dismissed.**

9. The *ex parte* communications made by and/or “on behalf of” Bacardi to Director Rogan and Deputy Director Dudas — which the evidence indicates were made promptly after Bacardi's delivery of the latest and largest installment of Bacardi's enormous financial contribution to the Florida Republican Party — constitute per se violations of 5 U.S.C. §557(d)(1)(A).

10. Director Rogan's failure to provide respondents with copies of the June 13 and July 16 *ex parte* letters constituted per se violations of §557(d)(1)(C).

11. Respondents have also not been provided with all other and further *ex parte* communications by Bacardi or on its behalf, including all written communications and/or memoranda stating the substance of all oral communications that the July 16 letter indicates have taken place between Deputy Director Dudas and Bacardi and those acting on its behalf, in violation of §557(d)(1)(C).

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<sup>3</sup>(...continued)

with the Office of the Governor for the State of Florida under Florida's Public Records Act, Chapter 119 of the Florida Statutes. See Reed Decl. ¶ 6 and Exh. E (copy of the Florida information request).

12. The “continuing assistance” and the further *ex parte* communications evidently made by Deputy Director Dudas in response to Bacardi's *ex parte* communications, and other and further communications that on information and belief have been made by Director Rogan, Deputy Director Dudas, or their agents and employees concerning this matter to Bacardi and/or those acting on its behalf, constitute per se violations of §557(d)(1)(B).

13. The Government in the Sunshine Act expressly provides for procedures, remedies and curative relief. 5 U.S.C. §557(d)(1)(D) provides that

upon receipt of a communication knowingly made or knowingly caused to be made by a party in violation of this subsection, the agency, administrative law judge, or other employee presiding at the hearing may, to the extent consistent with the interests of justice and the policy of the underlying statutes, require the party to show cause why his claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected on account of such violation.

Section 556(d) provides that

The agency may, to the extent consistent with the interests of justice and the policy of the underlying statutes administered by the agency, consider a violation of section 557(d) of this title sufficient grounds for a decision adverse to a party who has knowingly committed such violation or knowingly caused such violation to occur.

Pursuant to the Government in the Sunshine Act, 37 CFR 10.93(b), and the rules of this proceeding, and consistent with the interests of justice and the policy of the Government in the Sunshine Act, Bacardi should be directed to show cause why its claim should not be dismissed on account of the *ex parte* communications and such other violations of the Government in the Sunshine Act as have occurred.

**Further Disclosure by All Relevant Parties Should Be Ordered**

14. The *ex parte* letters sent by Governor Bush “on behalf of” Bacardi to Director Rogan, and the further *ex parte* communications between Bacardi (or those acting on its behalf) and Deputy Director Dudas, themselves entitle Respondents to the relief requested above. However, respondents do not yet know the full extent and nature of the *ex parte* communications that have occurred relevant to this proceeding.

15. Reported decisions enforcing the relevant provisions of the Government in the Sunshine Act reflect that one important purpose of the Act is to afford full disclosure of the extent and nature of all *ex parte* communications, consistent with the underlying disclosure requirements of §557(d)(1)(C). Only with that information in hand can the appropriate assessments and corrective steps be formulated. Without such information, it is impossible to assess whether Bacardi's conduct has so tainted this proceeding that respondents (or their predecessor- or successor-in-interest) cannot obtain, and reasonably be seen to have obtained, a fair, impartial adjudication of their interests.<sup>4</sup>

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<sup>4</sup> Among many decisions indicating the use of § 557(d) to afford disclosure of *ex parte* communications, see, e.g., *Portland Audubon Society v. Endangered Species Committee*, 984 F.2d 1534, 1549-50 (9th Cir. 1993) (evidence of White House *ex parte* communication with Committee members caused Court to order remand for a “vigorous and thorough” adversarial, evidentiary hearing of the sort described in [PATC v. FLRA, 672 F.2d 109, at 113] “to determine the nature, content, extent, source, and effect of any *ex parte* communications that may have transpired between any member of the Committee or its staff and the President or any member of his staff regarding the matter at issue;” the Court further held that the ALJ could use any discovery procedures that he may find necessary to determine the merits of petitioners’ allegations concerning the *ex parte* communications); *Professional Air Traffic Controllers Org. v. FLRA*, 672 F.2d 109, 113 (D.C. Cir. 1982) (evidence of *ex parte* communication with FLRA member caused Court to order FLRA to hold an evidentiary hearing, with a specially appointed ALJ from a neutral agency, “to determine the nature, extent, source and effect of any and all *ex parte* communications and other approaches that may have been made to any member or members of the FLRA” while the case in question was pending; the Court noted that the hearing

(continued...)



16. Accordingly, in addition to and in connection with issuance of an order requiring Bacardi to show cause why its claims should not be dismissed, respondents are entitled to, and hereby move for, an order demanding full disclosure by Bacardi (and its agents and attorneys), Director Rogan, Deputy Director Dudas, the USPTO (including the TTAB), and Governor Bush, of all *ex parte* communications thus far made which relate to this proceeding, consistent with §557(d)(1)(C).

17. Respondents ask that the Board impose a discovery schedule specifically devoted to this purpose, following which all communications so disclosed and all "continuing assistance" to Bacardi rendered may be placed on record.

**All Other Proceedings Should Be Suspended**

18. This cancellation proceeding was suspended pending the outcome of a litigation that has now concluded. Bacardi has moved to resume the proceedings. If that motion were granted, there would be at least three motions before the Board, including (a) respondents' fully-briefed motion for summary judgment, which has been pending since October 1996; (b) Bacardi's

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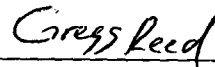
<sup>4</sup>(...continued)

was to be an "adversarial inquiry to produce a vigorous and thorough airing sufficient to disclose whether any improper influence tainted FLRA's decisionmaking process"); *North Carolina Env'tl. Policy Inst. v. EPA*, 881 F.2d 1250, 1258 (4th Cir. 1989) (following accusation that EPA made *ex parte* communication, ALJ was obligated to explore the possibility of and protect against taint of the proceeding and, therefore, required disclosure of all proscribed *ex parte* communications before rendering a decision; the Court noted that the ALJ should give the parties adequate opportunity to review the *ex parte* communications, comment on them, and if appropriate order any further disclosures that may appear warranted, including the conducting of "an evidentiary hearing to determine the nature, extent, source and effect of any and all *ex parte* communications"); and *Home Box Office, Inc. v. FCC*, 567 F.2d 9, 58 (D.C. Cir. 1977) (evidence of *ex parte* communication during FCC rulemaking proceeding caused Court to remand to agency with instructions to hold evidentiary hearing, with aid of a specially appointed hearing examiner, "to determine the nature and source of all *ex parte* pleas and other approaches that were made to the [FCC] or its employees [during the rulemaking proceeding at issue]").

motion to substitute parties and for summary judgment, to which respondents have not yet responded; and (c) respondents' above-motion relating to Bacardi's *ex parte* communications.

19. Respondents request an order making clear that the first two of those motions, together with all other action in this proceeding not related to Bacardi's *ex parte* communications, will be suspended pending issuance and determination of the order to show cause, and completion of discovery, requested in Point I above. The issues before the Board can only be resolved in this order, inasmuch as the issues raised by this motion run directly to the validity and legitimacy of this proceeding, including by raising material concerns as to the neutrality of the relevant decision makers. This motion therefore must be dealt with and resolved prior to resolution of any and all other issues in this proceeding.<sup>5</sup>

Respectfully submitted,



Charles S. Sims

Gregg Reed

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(212) 969-3000

Attorneys for Respondents

Dated: September 10, 2002

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<sup>5</sup> Trademark Board Rule 510 authorizes the suspension of proceedings for good cause, and the Board has suspended proceedings for far less cause than the strong cause shown here. See, e.g., *D.K. Jain D/B/A Luxor Pen Co. v. Ramparts, Inc.*, 49 U.S.P.Q.2d 1429 (1998) (TTAB suspended proceedings pending disposition of motions to compel discovery and to reset trial dates); *SDT, Inc. v. Patterson Dental Co.*, 30 U.S.P.Q.2d 1707 (1994) (TTAB *sua sponte* suspended proceedings due to filing of a motion for leave to amend notice of opposition because it would be "unreasonable to expect either party to take discovery or offer evidence prior to the determination of the motion"); *Midwest Plastic Fabricators Inc. v. Underwriters Labs. Inc.*, 5 U.S.P.Q.2d 1067, 1069 (1987) (TTAB *sua sponte* suspended proceedings pending decision on petitioner's motion for Request for Disclosure Order regarding certain alleged confidential information held by respondent).

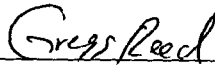
CERTIFICATE OF SERVICE

The undersigned does hereby certify that on September 10, 2002, a true and correct copy of the foregoing

MOTION PURSUANT TO THE GOVERNMENT IN THE  
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AND NATURE OF ALL SUCH EX PARTE  
COMMUNICATIONS RELATED TO THIS PROCEEDING,  
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RESOLUTION OF THE FOREGOING

was served by hand on:

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\_\_\_\_\_  
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September 10, 2002

**BY HAND**

Trademark Trial and Appeal Board  
2900 Crystal Drive  
Ninth Floor  
Arlington, VA 22202

Re: Galleon S.A. (Bacardi) v. Havana Club Holdings, S.A.; TTAB Cancellation No. 24,108


To Whom It May Concern:

On behalf of Respondents Havana Club Holdings, S.A. and Havana Rum & Liquors, S.A. in the above-referenced cancellation proceeding, enclosed for filing please find the following:

1. Motion Pursuant to the Government in the Sunshine Act for (A) an Order Requiring Petitioners to Show Cause Why Their Claims Should Not Be Dismissed Due to Improper Ex Parte Contacts Concerning an Adjudicatory Proceeding, (B) Full Disclosure by Petitioners, Governor Bush, USPTO Director James E. Rogan and Deputy Director Jon Dudas of the Extent and Nature of All Such Ex Parte Communications Related to this Proceeding, and (C) Suspension of this Proceeding Pending Resolution of the Foregoing; and
2. Supporting Declaration of Gregg Reed.

The enclosed motion, *inter alia*, seeks a stay of the proceeding pending resolution of the motion pursuant to the Government in the Sunshine Act and, as such, additionally serves to respond to Petitioners' pending motion to resume the proceedings.

Respectfully submitted,

  
Gregg Reed

Encs.

cc: William R. Golden Jr., Esq. (Counsel for Petitioners)

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02 SEP 11 AM 12:09  
TTAB TRIAL AND  
APPEAL BOARD